

# UNIVERSITY OF CALIFORNIA - STANDARD PRACTICES

Section: 44 Subcontracting Policies and Procedures

Subject: 44.1 Intra-University Transactions

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**PURPOSE:** This standard practice (SP) prescribes the manner in which research and supporting efforts may be acquired from campuses of the University of California.

**POLICY:** Although work under the Laboratory's prime contract will be accomplished primarily by Laboratory employees and subcontractors, the Laboratory may also use existing expertise and resources at the University campuses.

**SCOPE:** This SP applies to all requests for research and supporting efforts with a University campus.

## DEFINITIONS:

**Campus** A campus includes any organization of the University of California other than LANL, LLNL, or LBNL.

**Intra-University Transaction (IUT)** An IUT is an administrative arrangement that authorizes the Laboratory to reimburse a campus for research or supporting efforts. An IUT incorporates the terms and conditions of the Laboratory's Prime Contract.

**Property** Property is inventoriable equipment identified by unique numbers assigned to it for accounting purposes.

**Research** As used herein, the term research means any work or effort that principally involves theoretical analysis, exploration, or experimentation, or the extension of investigative findings and theories of a scientific or technical nature into practical application for experimental and demonstration purposes, including the experimental production and testing of models, devices, equipment, materials, and processes. It includes any necessary personnel, equipment, materials, supplies, or services needed to fulfill the research requirement.

**Supporting Effort** A supporting effort is the provision of equipment, materials, supplies, or services unrelated to a research requirement. It excludes the provision of services to a Laboratory employee residing at a campus. The direct charges, if any, are charged pursuant to a campus-wide recharge policy for the type of service provided.

## PROCEDURES:

**Initiating an IUT** An IUT is initiated through a memorandum or a purchase request by an individual with sufficient funding authority. The memorandum must provide the following information:

- A description of the work to be performed;
- The names, organizational affiliations, and titles of the campus principal investigator and/or other personnel who will perform the work;

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Section: 44 Subcontracting Policies and Procedures

Subject: 44.1 Intra-University Transactions

---

- An assessment of the capabilities of campus personnel to perform the intended work, including the campus' special capabilities;
- The available funding; the period during which the funding will be available, and the account code information;
- A breakdown, if known, of the costs to be incurred (e.g., salaries, travel, materials, services, equipment, etc.); and
- An itemized list of any property to be provided by the Laboratory to the campus.

## Proposal

A proposal must be endorsed by the campus' appropriate administrative office. For research, the proposal must be endorsed by the campus' Office of Research Administration. Upon receipt of the proposal, the Laboratory must evaluate the proposal to ensure that the proposal is reasonable and that current funding can support the proposed costs.

## Limitations

**Costs** — An IUT is a cost-reimbursable arrangement (see Exhibit 44.1a for a sample IUT). Except in those cases where a prior agreement exists between a Laboratory and a campus, overhead must be charged to the Laboratory in accordance with University-wide procedures which, when charged, are audited rates approved by a federal agency responsible for rate approval for campus overhead and at no higher rates than those charged for other federally funded research. Personnel costs must be based on wage rates determined in accordance with University policy and charged at the same rate to the Laboratory as is charged to other federally funded research.

**Property** — All property with the exception of attractive items less than the threshold established in SP 45.1, *Government Furnished Property*, will become government property.

**Foreign Travel** — DOE approval is required for any foreign travel to be charged to the Laboratory.

**Intellectual Property** — Intellectual property rights are governed as if the campus were a nonprofit subcontractor under the Prime Contract Clause 7.7 - Patent Rights - Nonprofit Management and Operating Contractors.

**Annual Review** — All IUTs that exceed one year in term must be reviewed annually to confirm the availability of funds.

## Disagreements

An IUT is not a legally enforceable instrument between a Laboratory and a campus. If a campus and Laboratory are unable to reach agreement on unreimbursed costs or nonperformance, the claim must be forwarded to the Assistant Vice President for Laboratory Administration for resolution.

# UNIVERSITY OF CALIFORNIA - STANDARD PRACTICES

Section: 44 Subcontracting Policies and Procedures

Subject: 44.1 Intra-University Transactions

---

## Documentation

All IUTs must be formalized in writing, regardless of the dollar value. The IUT file must include the following documentation:

- The name and organization of the individual requesting the IUT;
- The basis for determining the appropriateness of assigning research or supporting efforts to a campus, including the campus' special capabilities. While there is no specific listing of research topics or supporting efforts that are appropriate for the campuses to perform for the Laboratory, the determination of appropriateness should take into account decisional factors, such as efficiency of performance, scheduling, classification and security, control of production or performance, and cost;
- Identification of any significant restrictions in the Prime Contract that apply to the particular research or supporting effort;
- The annual review for IUTs that exceed one year in term; and
- DOE approval, if required.

## Format

See Exhibit 44.1a, *Memorandum Agreement*, for the standard format for an IUT.

## REVIEWS/ APPROVALS:

### Laboratory Administration

The Procurement Manager will consult with the Assistant Vice President for Laboratory Administration when, in his or her judgment, a proposed IUT involves an appearance of impropriety or could result in a disallowance of cost by DOE under the Prime Contract. Such circumstances may include, but are not limited to, proposed agreements that:

- Involve a principal investigator who has an appointment with both the Laboratory and the campus when the funds are being provided by the Laboratory organization with whom the principal investigator holds an appointment; or
- Involve use of an IUT to circumvent the Laboratory's normal subcontracting process.

## DOE

DOE approval is required for any IUT that:

- Results in a cost reimbursement of \$250,000 or more;
- Is for a supporting effort that exceeds the authority delegated to the Laboratory by DOE;
- Involves direct reimbursement (as opposed to an overhead rate) of the operating costs of a campus organization;

# UNIVERSITY OF CALIFORNIA - STANDARD PRACTICES

Section: 44 Subcontracting Policies and Procedures

Subject: 44.1 Intra-University Transactions

---

- Involves the transfer of title to government-owned property to the campus for the purpose of performing research or supporting efforts;
- Involves payment in advance of the actual incurrence of costs; or
- Involves the use of a campus to accomplish technology development supporting efforts (e.g., a Cooperative Research and Development Agreement).

## RESPONSIBILITIES:

### Procurement Specialist

The procurement specialist must ensure that:

- The proposed work is appropriate for assignment to a University campus;
- The IUT is authorized by an individual with an appropriate level of funding authority;
- All property, with the exception of attractive items less than the threshold established in SP 45.1, *Government Property*, is controlled as government property;
- Foreign travel is approved in advance by DOE;
- All IUTs written for more than one year are reviewed annually for available funds;
- The IUT file is documented in accordance with the procedures above; and
- Approval by DOE and/or coordination with the Laboratory Administration Office are obtained under the circumstances outlined above.